



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

THOMAS L. TAGLAUER, CPA
ROBERT E. LIST, CPA
STEWART J. REID, CPA
MICHAEL L. HANISKO, CPA
DAVID D. QUIMBY, CPA
KATHLYN M. ENGELHARDT, CPA
RENAE M. CLEVINGER, CPA
AMY L. RODRIGUEZ, CPA

WALTER G. WEINLANDER, CPA
ROY A. SCHAIRER, CPA
JAMES L. WHALEY, CPA
JEROME L. YANTZ, CPA
PHILIP T. SOUTHGATE, CPA
ROBERT J. DUYCK, CPA

TOWNSHIP OF WEST BRANCH WEST BRANCH, MICHIGAN

FINANCIAL STATEMENTS MARCH 31, 2004

1600 CENTER AVENUE
POST OFFICE BOX 775
BAY CITY, MI 48707-0775
989-893-5577
800-624-2400
FAX 989-895-5842
www.wf-cpas.com
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE
GLADWIN AND WEST BRANCH

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Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

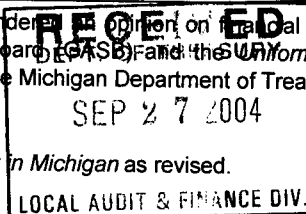
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF WEST BRANCH	County WEST BRANCH
Audit Date 3/31/04	Opinion Date 7/23/04	Date Accountant Report Submitted to State: 9/23/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

WEINLANDER FITZHUGH

Street Address

1600 CENTER AVE

City

BAY CITY

State

MI

ZIP

48708

Accountant Signature

Date

9/23/04

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WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITORS' REPORT

July 23, 2004

To the Township Board
Township of West Branch
West Branch, Michigan

We have audited the accompanying general purpose financial statements of the Township of West Branch, Ogemaw County, Michigan, as of and for the year ended March 31, 2004. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of West Branch, Ogemaw County, Michigan, as of March 31, 2004, and the results of its operations, and its cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated July 23, 2004 on our consideration of the Township of West Branch, Ogemaw County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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TOWNSHIP OF WEST BRANCH
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2004

	<u>Governmental Funds</u>		<u>Proprietary Fund</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 70,610	\$ 81,596	\$ 255,167
Investments	339,495	0	149,408
Due from other funds	10,854	0	39,743
Due from other governmental units	2,189	0	0
Accounts receivable	0	0	80,252
Taxes receivable	7,875	0	0
Interest receivable	0	0	789
Restricted assets	0	0	83,993
Fixed assets	0	0	2,930,348
Bond discount	0	0	9,670
Total Assets	<u>\$ 431,023</u>	<u>\$ 81,596</u>	<u>\$ 3,549,370</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities</u>			
Accounts payable	\$ 6,515	\$ 0	\$ 26,751
Accrued expenses	1,534	0	20,408
Due to other funds	0	0	50,597
Due to other governmental units	0	0	0
Bonds payable	0	0	930,000
Lease payable	0	0	700,000
Total liabilities	<u>8,049</u>	<u>0</u>	<u>1,727,756</u>
<u>Fund Equity</u>			
Contributed capital	0	0	468,496
Investment in General Fixed Assets	0	0	0
Retained earnings:			
Reserved	0	0	104,000
Unreserved	0	0	1,249,118
Fund balance:			
Unreserved	422,974	81,596	0
Total fund equity	<u>422,974</u>	<u>81,596</u>	<u>1,821,614</u>
Total Liabilities and Fund Equity	<u>\$ 431,023</u>	<u>\$ 81,596</u>	<u>\$ 3,549,370</u>

See accompanying notes to financial statements.

Fiduciary Fund	Account Group	Total (Memorandum Only)		Total (Memorandum Only)
Current Tax Collections	General Fixed Assets	Primary Government	Component Unit	Reporting Entity
\$ 0	\$ 0	\$ 407,373	\$ 114,094	\$ 521,467
0	0	488,903	0	488,903
0	0	50,597	0	50,597
0	0	2,189	0	2,189
0	0	80,252	0	80,252
0	0	7,875	0	7,875
0	0	789	0	789
0	0	83,993	0	83,993
0	148,878	3,079,226	36,436	3,115,662
0	0	9,670	0	9,670
<u>\$ 0</u>	<u>\$ 148,878</u>	<u>\$ 4,210,867</u>	<u>\$ 150,530</u>	<u>\$ 4,361,397</u>

\$ 0	\$ 0	\$ 33,266	\$ 0	\$ 33,266
0	0	21,942	0	21,942
0	0	50,597	0	50,597
0	0	0	2,189	2,189
0	0	930,000	0	930,000
0	0	700,000	0	700,000
0	0	1,735,805	2,189	1,737,994

0	0	468,496	0	468,496
0	148,878	148,878	0	148,878
0	0	104,000	0	104,000
0	0	1,249,118	0	1,249,118
0	0	504,570	148,341	652,911
0	148,878	2,475,062	148,341	2,623,403
<u>\$ 0</u>	<u>\$ 148,878</u>	<u>\$ 4,210,867</u>	<u>\$ 150,530</u>	<u>\$ 4,361,397</u>

TOWNSHIP OF WEST BRANCH
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - All Governmental Fund Types
For The Year Ended March 31, 2004

	General	Special Revenue	Total (Memorandum Only) Primary Government
<u>Revenues</u>			
Taxes	\$ 100,347	\$ 0	\$ 100,347
Licenses and permits	898	0	898
Intergovernmental revenues	180,564	0	180,564
Charges for services	11,298	0	11,298
Interest earned	2,061	512	2,573
Expense reimbursement	16,980	0	16,980
Miscellaneous revenues	2,056	0	2,056
Total revenues	<u>314,204</u>	<u>512</u>	<u>314,716</u>
<u>Expenditures</u>			
Legislative	29,680	0	29,680
General government	129,695	0	129,695
Public safety	33,292	0	33,292
Public works	22,993	0	22,993
Gypsy moth control	0	4,128	4,128
Downtown Development Authority	0	0	0
Total expenditures	<u>215,660</u>	<u>4,128</u>	<u>219,788</u>
Excess of revenues over (under) expenditures	98,544	(3,616)	94,928
<u>Other Financing Uses</u>			
Operating transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over (under) expenditures and other financing uses	98,544	(3,616)	94,928
Fund Balances - April 1, 2003	<u>324,430</u>	<u>85,212</u>	<u>409,642</u>
Fund Balances - March 31, 2004	<u>\$ 422,974</u>	<u>\$ 81,596</u>	<u>\$ 504,570</u>

See accompanying notes to financial statements.

Component Unit	Total (Memorandum Only) Reporting Entity
\$ 203,307	\$ 303,654
0	898
0	180,564
0	11,298
1,327	3,900
0	16,980
0	2,056
<u>204,634</u>	<u>519,350</u>
0	29,680
0	129,695
0	33,292
0	22,993
0	4,128
<u>15,344</u>	<u>15,344</u>
<u>15,344</u>	<u>235,132</u>
189,290	284,218
<u>(231,505)</u>	<u>(231,505)</u>
(42,215)	52,713
<u>190,556</u>	<u>600,198</u>
<u>\$ 148,341</u>	<u>\$ 652,911</u>

TOWNSHIP OF WEST BRANCH
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual -
All Governmental Fund Types
For The Year Ended March 31, 2004

	General Fund		Variance -
	Budget	Actual	Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 85,600	\$ 100,347	\$ 14,747
Licenses and permits	600	898	298
Intergovernmental revenues	198,940	180,564	(18,376)
Charges for services	10,700	11,298	598
Interest earned	6,700	2,061	(4,639)
Expense reimbursement	101,838	16,980	(84,858)
Miscellaneous revenues	500	2,056	1,556
Total revenues	<u>404,878</u>	<u>314,204</u>	<u>(90,674)</u>
<u>Expenditures</u>			
Legislative	31,535	29,680	1,855
General government	148,265	129,695	18,570
Public safety	36,525	33,292	3,233
Public works	68,030	22,993	45,037
Gypsy moth control	0	0	0
Total expenditures	<u>284,355</u>	<u>215,660</u>	<u>68,695</u>
Excess of revenues over (under) expenditures	120,523	98,544	(21,979)
Fund Balances - April 1, 2003	<u>324,430</u>	<u>324,430</u>	<u>0</u>
Fund Balances - March 31, 2004	<u>\$ 444,953</u>	<u>\$ 422,974</u>	<u>\$ (21,979)</u>

See accompanying notes to financial statements.

Special Revenue

<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
300	512	212
0	0	0
0	0	0
<u>300</u>	<u>512</u>	<u>212</u>
0	0	0
0	0	0
0	0	0
0	0	0
9,650	4,128	5,522
<u>9,650</u>	<u>4,128</u>	<u>5,522</u>
(9,350)	(3,616)	5,734
<u>85,212</u>	<u>85,212</u>	<u>0</u>
<u>\$ 75,862</u>	<u>\$ 81,596</u>	<u>\$ 5,734</u>

TOWNSHIP OF WEST BRANCH
Combined Statement of Revenues, Expenses and Changes
In Retained Earnings - Proprietary Fund Type
For The Year Ended March 31, 2004

<u>Operating Revenues</u>	
Water and sewer charges	\$ 194,148
<u>Operating Expenses</u>	
Cost of water and sewer	94,696
Maintenance and supplies	10,192
Audit fees	2,750
Salaries	5,978
Administrative duties	8,100
Mileage	1,855
Utilities	8,616
Fees	1,060
Other expenses	587
Depreciation and amortization	82,117
Insurance	3,686
Retirement plan	895
Contracted services	5,639
Total operating expenses	<u>226,171</u>
Operating (loss)	<u>(32,023)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest on investments	3,110
Interest on special assessments and fees	3,499
Connection fees	10,703
Other receipts	1,444
Reimbursement of project costs	40,000
Interest expense	(87,607)
Amortization of bond discount	(1,074)
Net nonoperating revenues (expenses)	<u>(29,925)</u>
Income (loss) before operating transfers	(61,948)
Operating transfers:	
From component unit	<u>231,505</u>
Net income	169,557
Retained earnings - April 1, 2003	<u>1,183,561</u>
Retained earnings - March 31, 2004	<u>\$ 1,353,118</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST BRANCH
Combined Statement of Cash Flows -
Proprietary Fund Type
For The Year Ended March 31, 2004

Cash Flows From Operating Activities

Operating (loss)	\$ (32,023)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	82,117
Changes in operating assets and liabilities:	
Accounts receivable	(49,376)
Accounts payable	6,217
Accrued interest	(2,073)
Net cash provided by operating activities	<u>4,862</u>

Cash Flows From Investing Activities

Interest received on investments	1,445
Decrease in restricted assets	5,910
Net cash provided by investing activities	<u>7,355</u>

Cash Flows From Capital and Related Financing Activities

Repayment of long-term debt	(252,607)
Collection of customer assessments	3,499
Collection of project cost reimbursement	40,000
Collection of connection fees	10,703
Other receipts and reimbursements	1,444
Net cash (used) by capital and related financing activities	<u>(196,961)</u>

Cash Flows From Noncapital Financing Activities

Operating transfers from other funds	231,505
Net cash provided by noncapital financing activities	<u>231,505</u>

Net increase in cash and cash equivalents	46,761
Cash and cash equivalents - April 1, 2003	<u>208,406</u>
Cash and cash equivalents - March 31, 2004	<u>\$ 255,167</u>

See accompanying notes to financial statements.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of West Branch, Michigan (Township) complies with U.S. Generally Accepted Accounting Principles (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Township was organized in 1885 and covers an area of approximately 36 square miles. The Township operates under an elected Board of Officials (5 members) and provides services to its more than 2,600 residents in many areas, including community enrichment and development and human services.

In evaluating how to define the Township, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB No. 14, "*The Financial Reporting Entity*". The basic, but not the only criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Township and/or its constituents, or whether the activity is conducted within the geographic boundaries of the Township and is generally available to its constituents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the Township is able to exercise oversight responsibility.

In conformity with the above criteria, the financial statements of component units have been included in the financial reporting entity as a discretely presented component unit. The component unit's columns in the combined financial statements include the financial data of the Township's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the Township.

Downtown Development Authority - The members of the governing board of the Downtown Development Authority (DDA) are appointed by the Township Board. The DDA's budgets are approved by the Township Board. Public Act 197 of 1975 grants powers to DDAs enabling them to act as a separate organization.

The financial statements of certain other governmental organizations listed below are not included in the financial statements of the Township as they do not meet the criteria for being a component unit of the Township.

Ogemaw Fire Board - The Fire Board is a joint venture with five other local units. The Township appoints one of the six board members and is not financially accountable for the Fire Board.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ogemaw Hills Recreation Department - The recreation department is a joint venture with six other local units. The Township appoints one of the board members and is not financially accountable for the recreation department.

Basis of Presentation

The financial activities of the Township are recorded in separate funds, categorized and described as follows:

1. Governmental Funds:

General Fund - This fund is the general operating fund of the Township. It is used to account for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - These funds are used to account for the specific revenue sources (other than special assessments) that require separate accounting because of legal or regulatory provisions or administrative action.

2. Proprietary Funds:

Enterprise Funds - These funds report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

3. Fiduciary Fund:

Tax Collection Fund - This fund is used to account for taxes collected as an agent for others.

4. Account Group:

General Fixed Assets Account Group - This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accrual basis of accounting is used by the Proprietary Funds. Water and sewer service charges are recognized when earned. All fiduciary funds and governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

1. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due February 14 before they are added to the County tax rolls. The Township received payment for these taxes from the County in July 2004. The delinquent personal property taxes are not purchased by the County.

2. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
3. Normally, expenditures are not divided between years by the recording of prepaid expenses, except for material amounts.
4. Revenues from special assessments which have been received but not yet expended are reflected as deferred revenue.
5. Interest on indebtedness to construct fixed assets is capitalized.

Budgets

The budgets of the Township are prepared on the same basis of accounting as the financial statement presentation. The budgets were adopted to the functional level.

On or before March 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1. A public hearing on the budget is to be held before its final adoption, at such time and place as the Township Board directs, and notice of such public hearing is to be published at least one week in advance by the Township Clerk.

A copy of the proposed budget shall be on file and available to the public for inspection during office hours at the office of the Township Clerk for a period of not less than one week prior to such public hearing. The Township Board shall, by resolution, adopt the budget for the next fiscal year and shall, in that resolution, make an appropriation of money needed for Township purposes during the ensuing fiscal year of the Township.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Interfund Receivables and Payables have not been eliminated in the preparation of the Combined Balance Sheet.

Accounting Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Retained Earnings

The unreserved retained earnings for proprietary funds represent the amount available for future operations. The reserved retained earnings for proprietary funds represent the amount that has been legally identified for specific purposes or indicates that a component of net current assets does not constitute "available spendable resources." The reserved retained earnings for proprietary funds represent amounts to provide for debt retirement and maintenance to the water and sewer fund.

NOTE 2 - CASH AND INVESTMENTS

Cash

Petty cash – At March 31, 2004, the Township of West Branch maintained a cash balance of \$473.

Deposits – At March 31, 2004, the carrying amount of the Township's deposits (checking accounts, etc.) was \$406,900 with a corresponding bank balance of \$406,990. The amount covered by the FDIC was \$138,636. The difference in the carrying amount to the corresponding bank amount is due to deposits in transit and outstanding checks at March 31, 2004.

At March 31, 2004, the book value of the DDA's demand deposits was \$114,094 with a corresponding bank balance of \$114,094 of which \$100,000 was covered by FDIC.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

The Township of West Branch has adopted a formal investment policy consistent with that authorized by Michigan Law. The Township has invested in certificates of deposit and money market investments. The amount covered by the FDIC with regards to certificates of deposit was \$100,000. The carrying value of the investments approximates market value. The GASB Statement No. 3 risk disclosures for the Township's investments are as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	Carrying Amount, Which Approximates <u>Market</u>
Certificates of Deposits	\$ 149,408	\$ 0	\$ 0	\$ 149,408
Money Funds	0	0	339,495	339,495
Total Risk Categorized Investments	<u>\$ 149,408</u>	<u>\$ 0</u>	<u>\$ 339,495</u>	<u>\$ 488,903</u>

- (1) Insured or registered; or securities held by the Township or the Township's Agent in the Township's name.
- (2) Uninsured and unregistered, with securities held by the Dealer's Trust Department or its Agent in the Township's name.
- (3) Uninsured and unregistered, with securities held by the Dealer or the Dealer's Trust Department or Agent but not in the Township's name.

NOTE 3 - PROPERTY AND EQUIPMENT

Acquisitions and dispositions of property and equipment are accounted for as expenditures or revenues in all governmental funds. The property and equipment acquired by the Township and used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized.

Property and equipment acquisitions and dispositions are capitalized on the balance sheets of all proprietary funds.

All property and equipment is valued at historical cost or estimated historical cost if actual historical cost is not available.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 3 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation of all exhaustible property and equipment used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives, original cost and accumulated depreciation are as follows:

	Lives	Balance at April 1, 2003	Additions	Deletions	Balance at March 31, 2004
Land		\$ 26,700	\$ 0	\$ 0	\$ 26,700
Cost of line	50 years	2,278,116	0	0	2,278,116
Capitol lease:					
Water tower	50 years	1,260,352	0	0	1,260,352
Land improvements	15 years	183,988	0	0	183,988
Construction in progress		23,049	0	0	23,049
		3,772,205	0	0	3,772,205
Less accumulated depreciation		(759,740)	(82,117)	0	(841,857)
Totals		\$ 3,012,465	\$ (82,117)	\$ 0	\$ 2,930,348

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of fixed asset transactions of the Township for the year ended March 31, 2004:

	April 1, 2003	Additions	Deletions	March 31, 2004
Land and improvements	\$ 18,295	\$ 0	\$ 0	\$ 18,295
Township hall	70,067	0	0	70,067
Furniture and equipment	59,768	748	0	60,516
	\$ 148,130	\$ 748	\$ 0	\$ 148,878

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 10,854	Water #2 Fund	\$ 50,597
Sewer & Water Fund	39,743		
Total	<u>\$ 50,597</u>	Total	<u>\$ 50,597</u>

NOTE 6 – GENERAL LONG-TERM DEBT

The Township has tax increment revenue bonds outstanding at March 31, 2004 as follows:

Limited Tax Bond Series 1998

The Township issued \$655,000 of bonds on November 1, 1998 to finance the extension of the existing water system. It is the intention of the Township to finance this bond issue from taxes collected by the Tax Increment Financing Authority. Principal payments ranging from \$20,000 to \$65,000 are due March 1 of each year with interest at 4.00% to 4.85%.

Limited Tax Bonds 2000

The Township issued \$540,000 of bonds on August 1, 2000 to finance improvements to the sanitary sewer system and the water system. It is the intention of the Township to finance this bond issue from taxes collected by the Tax Increment Financing Authority. Principal payments ranging from \$30,000 to \$55,000 are due March 1 of each year with interest at 5.10% to 5.40%.

The Township has additional debt service commitments at March 31, 2004 as follows:

Sanitary Sewer System Contractual Obligation

The County of Ogemaw has issued bonds to finance a sanitary sewer system in a portion of the Township. Under the terms of a contract between the County and the Township of West Branch, the Township has agreed to pay the County for the cost of its portion of the sanitary sewer system, an amount each year sufficient to retire the Township's share of the bond issue including interest. It is the intention of the Township to finance this contractual obligation, partly with a special assessment levied upon the customers of the system and partly with the revenues generated by the operation of the system.

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2004:

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 6 – GENERAL LONG-TERM DEBT (CONTINUED)

	April 1, 2003	Debt Issued	Debt Retired	March 31, 2004
Sanitary sewer	\$ 80,000	\$ 0	\$ 20,000	\$ 60,000
Limited tax bonds 1998	505,000	0	40,000	465,000
Limited tax bonds 2000	440,000	0	35,000	405,000
Totals	<u>\$ 1,025,000</u>	<u>\$ 0</u>	<u>\$ 95,000</u>	<u>\$ 930,000</u>

Total cash paid for interest expense by the Township for the year was \$87,607.

The annual principal and interest requirements through maturity for all long-term obligations and capital lease obligations as of March 31, 2004 are as follows:

Year Ended March 31,	Principal	Interest	Total
2005	\$ 165,000	\$ 81,010	\$ 246,010
2006	175,000	73,000	248,000
2007	180,000	64,417	244,417
2008	160,000	55,982	215,982
2009	165,000	47,928	212,928
2010-14	785,000	106,000	891,000
	<u>\$ 1,630,000</u>	<u>\$ 428,337</u>	<u>\$ 2,058,337</u>

NOTE 7 - CAPITAL LEASE OBLIGATION

In April of 1993, the County of Ogemaw issued \$1,400,000 in bonds in order to pay for the construction of a water supply system in West Branch Township. The County owns the system and leases it to the Township for as long as the bonds remain outstanding. The Township is responsible for operation and maintenance of the system. The Township will own the system when the bonds have been paid.

The bonds are partly payable from taxes collected by the Tax Increment Financing Authority, revenue generated from operation of the water tower and revenue generated from a special assessment roll in the amount of \$1,415,239. Both the Township of West Branch and County of Ogemaw have pledged full faith and credit for repayment of the bonds. The lease calls for the Township to make payments to the County in amounts equal to the bond and interest payments due on the bonds.

Obligations under capital lease have been recorded in the Proprietary Fund at the present value of future minimum lease payments, discounted at interest rates ranging from 3.2% to 5.6%.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 7 - CAPITAL LEASE OBLIGATION (CONTINUED)

The future minimum lease payments under the capital lease and present value of the net minimum lease payments are as follows:

<u>Year Ended March 31,</u>	<u>Lease Payments</u>
2005	\$ 106,365
2006	102,760
2007	99,085
2008	95,340
2009	91,525
Thereafter	<u>399,000</u>
Total future minimum lease payments	894,075
Less amount representing interest	<u>194,075</u>
Present value of future minimum lease payments	<u><u>\$ 700,000</u></u>

NOTE 8 - PROPERTY TAXES

Property taxes are assessed on December 31, levied on the following December 1 and are payable through February 14. The Township bills and collects its own taxes and also taxes for the State of Michigan, County of Ogemaw, West Branch-Rose City Public Schools, Kirtland Community College, C.O.O.R. Intermediate School District, and West Branch District Library. The collection of these taxes and remittance to the proper authority are accounted for in the Current Tax Collections Fund. Township property tax revenues levied December 1, 2003 are recognized as revenue for the year ended March 31, 2004.

During 1996, as a result of a vote of the citizens, a 15 year additional 0.19950 mills was levied for operation of a senior citizen center. These taxes are forwarded to the City of West Branch, owners of the building, for expenditures of the center servicing Ogemaw County.

For the 2003 tax levy, property located in the Township had a taxable value of \$84,160,313. The total millage of 1.1054 consisted of 0.9130 mills for operations and 0.1924 mills for the Senior Citizen Center.

TOWNSHIP OF WEST BRANCH
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE 9 - PENSION PLAN

The Township contributes to a defined contribution pension plan covering all employees and elected officials, but excluding election workers. Contributions to each individual's simplified employee pension account are 15% of each employee's salary or wages. Contributions for the year ending March 31, 2004 were \$12,333. Covered payroll for the year ended March 31, 2004 was \$82,214. Total payroll for the year ended March 31, 2004 was \$83,909.

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township of West Branch maintains two Enterprise Funds which provide water and sewer services. Segment information for these funds is as follows:

	<u>Water and Sanitary Sewer</u>	<u>Water 2</u>
Operating revenues	\$ 147,460	\$ 46,683
Depreciation and amortization expense	33,067	49,050
Operating gain (loss)	1,041	(33,064)
Operating transfers in	58,230	173,275
Net income	89,512	80,045
Net working capital (Current assets less current liabilities)	330,466	(67,863)
Total assets	1,752,590	1,796,780
Long-term liabilities	410,000	1,055,000
Total equity	1,259,379	562,235

NOTE 11 - RISK MANAGEMENT

The Township is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township continues to carry commercial insurance for risks of loss.

REPORT ON OTHER DATA

July 23, 2004

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules, Pages 18 through 33, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of West Branch, Ogemaw County, Michigan. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Weinlander Fitzhugh

TOWNSHIP OF WEST BRANCH
General Fund
Balance Sheet
March 31, 2004

ASSETS

Cash in bank	\$ 64,172
Municipal Investment Fund	5,964
Class Fund	339,495
Petty Cash	474
Due from other funds	10,854
Due from other governmental units	2,189
Taxes receivable	<u>7,875</u>
Total Assets	<u>\$ 431,023</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 6,515
Accrued payroll taxes	<u>1,534</u>
Total liabilities	8,049

Fund Balance

Unreserved	<u>422,974</u>
Total Liabilities and Fund Balance	<u>\$ 431,023</u>

TOWNSHIP OF WEST BRANCH
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For The Year Ended March 31, 2004

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>Taxes</u>			
Current property tax	\$ 62,600	\$ 74,283	\$ 11,683
Property tax administration fees	23,000	26,064	3,064
	<u>85,600</u>	<u>100,347</u>	<u>14,747</u>
<u>Licenses and Permits</u>			
Trailer park fees	350	318	(32)
Land division fees	250	580	330
	<u>600</u>	<u>898</u>	<u>298</u>
<u>Intergovernmental Revenues</u>			
Sales tax	198,200	179,823	(18,377)
Swamp tax	740	741	1
	<u>198,940</u>	<u>180,564</u>	<u>(18,376)</u>
<u>Charges for Services</u>			
Fire department services	3,000	2,018	(982)
Environmental services	7,700	8,795	1,095
Cemetery	0	485	485
	<u>10,700</u>	<u>11,298</u>	<u>598</u>
<u>Miscellaneous Revenues</u>			
Interest	6,700	2,061	(4,639)
Miscellaneous	500	2,056	1,556
	<u>7,200</u>	<u>4,117</u>	<u>(3,083)</u>
<u>Expense Reimbursement</u>			
Street light	640	770	130
Miscellaneous	101,198	16,210	(84,988)
	<u>101,838</u>	<u>16,980</u>	<u>(84,858)</u>
Total Revenues	404,878	314,204	(90,674)
Expenditures	<u>284,355</u>	<u>215,660</u>	<u>68,695</u>
Excess of revenues over (under) expenditures	120,523	98,544	(21,979)
Fund Balance - April 1, 2003	<u>324,430</u>	<u>324,430</u>	<u>0</u>
Fund Balance - March 31, 2004	<u>\$ 444,953</u>	<u>\$ 422,974</u>	<u>\$ (21,979)</u>

TOWNSHIP OF WEST BRANCH
General Fund
Statement of Expenditures - Budget and Actual
For The Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
LEGISLATIVE:			
<u>Township Board</u>			
Trustees' salaries	\$ 5,830	\$ 5,814	\$ 16
Payroll taxes	105	134	(29)
Supplies	2,000	1,913	87
Printing and publications	3,000	2,146	854
Trustee meetings and conventions	2,000	2,520	(520)
Membership dues	2,800	2,237	563
Contracted services	2,000	2,220	(220)
Insurance	2,600	2,289	311
Repairs and maintenance	600	266	334
Other township board expenditures	9,100	8,832	268
Chargebacks	350	106	244
Retirement plan	1,150	1,203	(53)
	<u>31,535</u>	<u>29,680</u>	<u>1,855</u>
GENERAL GOVERNMENT:			
<u>Supervisor</u>			
Salaries	9,960	9,960	0
Administrative duties	23,555	14,100	9,455
Payroll taxes	525	494	31
Supplies and postage	300	185	115
Meetings and conventions	1,500	2,129	(629)
Retirement plan	5,100	5,124	(24)
	<u>40,940</u>	<u>31,992</u>	<u>8,948</u>
<u>Elections</u>	<u>1,420</u>	<u>779</u>	<u>641</u>
<u>Assessor</u>			
Supplies and postage	1,650	138	1,512
Printing and publications	1,200	0	1,200
Meetings and conventions	500	318	182
Appraisal services	11,950	13,512	(1,562)
Other expenditures	1,000	4,825	(3,825)
	<u>16,300</u>	<u>18,793</u>	<u>(2,493)</u>

TOWNSHIP OF WEST BRANCH
General Fund
Statement of Expenditures - Budget and Actual
For The Year Ended March 31, 2004

	Budget	Actual	Variance - Favorable (Unfavorable)
GENERAL GOVERNMENT (CONTINUED):			
<u>Clerk</u>			
Salaries	\$ 11,965	\$ 11,965	\$ 0
Deputy clerk	625	618	7
Administrative duties	1,000	1,000	0
Payroll taxes	205	216	(11)
Office supplies	500	43	457
Postage	300	309	(9)
Insurance	185	0	185
Meetings and conventions	1,500	1,623	(123)
Retirement plan	2,065	2,271	(206)
	<u>18,345</u>	<u>18,045</u>	<u>300</u>
<u>Board of Review</u>			
Salaries	900	945	(45)
Payroll taxes	100	0	100
Supplies and postage	200	0	200
Printing and publications	100	0	100
Meetings and conventions	300	434	(134)
	<u>1,600</u>	<u>1,379</u>	<u>221</u>
<u>Treasurer</u>			
Salaries	15,560	15,656	(96)
Deputy treasurer	625	618	7
Administrative duties	1,000	1,000	0
Payroll taxes	10	9	1
Office supplies	250	88	162
Insurance	200	0	200
Postage	500	285	215
Meetings and conventions	500	998	(498)
Retirement plan	2,065	2,516	(451)
	<u>20,710</u>	<u>21,170</u>	<u>(460)</u>
<u>Legal</u>	<u>2,400</u>	<u>270</u>	<u>2,130</u>
<u>Accounting</u>			
Audit services	3,000	2,625	375
Accounting	1,000	1,505	(505)
	<u>4,000</u>	<u>4,130</u>	<u>(130)</u>

TOWNSHIP OF WEST BRANCH
General Fund
Statement of Expenditures - Budget and Actual
For The Year Ended March 31, 2004

	Budget	Actual	Variance - Favorable (Unfavorable)
GENERAL GOVERNMENT (CONTINUED):			
<u>Cemetery</u>	\$ 18,050	\$ 4,275	\$ 13,775
<u>Township Hall</u>			
Supplies	300	109	191
Contracted services	4,250	2,414	1,836
Insurance	4,650	4,095	555
Utilities	4,000	6,540	(2,540)
Repairs and maintenance	500	477	23
Capital outlay	500	1,048	(548)
Other township hall expenditures	100	0	100
	<u>14,300</u>	<u>14,683</u>	<u>(383)</u>
<u>Planning Committee</u>			
Salaries	3,600	1,680	1,920
Supplies	100	761	(661)
Printing and publications	2,000	68	1,932
Postage	500	32	468
Dues and subscriptions	600	625	(25)
Meetings	1,400	1,456	(56)
Other expenditures	500	0	500
Contracted services	1,500	9,557	(8,057)
	<u>10,200</u>	<u>14,179</u>	<u>(3,979)</u>
Total General Government	<u>148,265</u>	<u>129,695</u>	<u>18,570</u>
PUBLIC SAFETY:			
<u>Fire Prevention</u>			
Contracted services	31,525	31,527	(2)
Other expenditures	5,000	1,765	3,235
	<u>36,525</u>	<u>33,292</u>	<u>3,233</u>

TOWNSHIP OF WEST BRANCH
General Fund
Statement of Expenditures - Budget and Actual
For The Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
PUBLIC WORKS:			
Business loop highway improvements	\$ 41,600	\$ 0	\$ 41,600
Contracted road maintenance	9,500	9,709	(209)
Street lighting	7,100	7,043	57
Spring cleanup	6,330	6,004	326
Brownfield Redevelopment	3,500	237	3,263
	<u>68,030</u>	<u>22,993</u>	<u>45,037</u>
 Total Expenditures	 <u>\$ 284,355</u>	 <u>\$ 215,660</u>	 <u>\$ 68,695</u>

TOWNSHIP OF WEST BRANCH
Special Revenue Fund
Balance Sheet
March 31, 2004

	<u>Gypsy Moth</u>
<u>ASSETS</u>	
Cash in bank - checking	\$ 69
Municipal Investment Fund	<u>81,527</u>
Total Assets	<u>\$ 81,596</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>Fund Balance</u>	
Unreserved	<u>\$ 81,596</u>
Total Liabilities and Fund Balance	<u>\$ 81,596</u>

TOWNSHIP OF WEST BRANCH
Special Revenue Fund
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
For The Year Ended March 31, 2004

	Gypsy Moth		Variance -
	Budget	Actual	Favorable (Unfavorable)
<u>Revenues</u>			
Interest on investments	\$ 300	\$ 512	\$ 212
<u>Expenditures</u>			
Audit and accounting fees	50	182	(132)
Contracted Services	9,600	3,946	5,654
Total expenditures	9,650	4,128	5,522
Excess of revenues under expenditures	(9,350)	(3,616)	(5,310)
Fund Balance - April 1, 2003	85,212	85,212	0
Fund Balance - March 31, 2004	<u>\$ 75,862</u>	<u>\$ 81,596</u>	<u>\$ (5,310)</u>

TOWNSHIP OF WEST BRANCH
Proprietary Fund Type
Combining Balance Sheet
March 31, 2004

<u>ASSETS</u>	Water and Sanitary Sewer	Water 2	Total
<u>Current Assets</u>			
Cash in bank - checking	\$ 65,177	\$ 98,676	\$ 163,853
Cash in bank - savings	38,636	0	38,636
Certificates of Deposit	149,408	0	149,408
Municipal Investment Fund	52,678	0	52,678
Accounts receivable	67,246	13,006	80,252
Due from other funds	39,743	0	39,743
Interest receivable	789	0	789
Total current assets	<u>413,677</u>	<u>111,682</u>	<u>525,359</u>
<u>Restricted Assets</u>			
Deferred special assessments	52,192	0	52,192
Reserve deposit	31,801	0	31,801
Total restricted assets	<u>83,993</u>	<u>0</u>	<u>83,993</u>
<u>Property (Cost)</u>			
Cost of line	1,680,130	624,735	2,304,865
Accumulated depreciation	(428,950)	(57,267)	(486,217)
Capitalized lease	0	1,467,340	1,467,340
Accumulated depreciation	0	(355,640)	(355,640)
Total property	<u>1,251,180</u>	<u>1,679,168</u>	<u>2,930,348</u>
<u>Other Assets</u>			
Bond discount	<u>3,740</u>	<u>5,930</u>	<u>9,670</u>
Total Assets	<u>\$ 1,752,590</u>	<u>\$ 1,796,780</u>	<u>\$ 3,549,370</u>

LIABILITIES AND FUND EQUITY

	Water and Sanitary Sewer	Water 2	Total
<u>Current Liabilities</u>			
Accounts payable	\$ 25,447	\$ 1,304	\$ 26,751
Accrued interest	2,764	17,644	20,408
Due to other funds	0	50,597	50,597
Current portion of long-term liabilities	55,000	110,000	165,000
Total current liabilities	<u>83,211</u>	<u>179,545</u>	<u>262,756</u>
<u>Long-term Liabilities</u>			
Bonds payable	410,000	425,000	835,000
Capital lease	0	630,000	630,000
Total long-term liabilities	<u>410,000</u>	<u>1,055,000</u>	<u>1,465,000</u>
Total Liabilities	<u>493,211</u>	<u>1,234,545</u>	<u>1,727,756</u>
<u>Fund Equity</u>			
Contributed Capital:			
Customers	397,734	70,762	468,496
Retained Earnings:			
Reserved	104,000	0	104,000
Unreserved	757,645	491,473	1,249,118
Total fund equity	<u>1,259,379</u>	<u>562,235</u>	<u>1,821,614</u>
Total Liabilities and Fund Equity	<u>\$ 1,752,590</u>	<u>\$ 1,796,780</u>	<u>\$ 3,549,370</u>

TOWNSHIP OF WEST BRANCH
Proprietary Fund Type
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
For The Year Ended March 31, 2004

	Water and Sanitary Sewer	Water 2	Total
<u>Operating Revenues</u>			
Water and sewer charges	\$ 147,460	\$ 46,688	\$ 194,148
<u>Operating Expenses</u>			
Cost of water and sewer	94,696	0	94,696
Maintenance and supplies	4,801	5,391	10,192
Audit fees	1,700	1,050	2,750
Salaries	0	5,978	5,978
Administrative duties	3,100	5,000	8,100
Mileage	0	1,855	1,855
Utilities	3,747	4,869	8,616
Fees	260	800	1,060
Other expenses	276	311	587
Depreciation and amortization	33,067	49,050	82,117
Insurance	1,312	2,374	3,686
Retirement plan	0	895	895
Contracted services	3,460	2,179	5,639
Total operating expenses	<u>146,419</u>	<u>79,752</u>	<u>226,171</u>
Operating gain (loss)	<u>1,041</u>	<u>(33,064)</u>	<u>(32,023)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest on investments	2,589	521	3,110
Interest on special assessments and fees	3,499	0	3,499
Connection fees	10,028	675	10,703
Other receipts	1,263	181	1,444
Reimbursement of project costs	40,000	0	40,000
Interest expense	(26,723)	(60,884)	(87,607)
Amortization of bond discount	(415)	(659)	(1,074)
Net nonoperating revenues (expenses)	<u>30,241</u>	<u>(60,166)</u>	<u>(29,925)</u>
Income (loss) before operating transfers	31,282	(93,230)	(61,948)
Operating transfers:			
From component unit	<u>58,230</u>	<u>173,275</u>	<u>231,505</u>
Net income	89,512	80,045	169,557
Retained earnings - April 1, 2003	<u>772,133</u>	<u>411,428</u>	<u>1,183,561</u>
Retained earnings - March 31, 2004	<u>\$ 861,645</u>	<u>\$ 491,473</u>	<u>\$ 1,353,118</u>

TOWNSHIP OF WEST BRANCH
Proprietary Fund Type
Combining Statement of Cash Flows
For The Year Ended March 31, 2004

	Water and Sanitary Sewer	Water 2	Total
<u>Cash Flows From Operating Activities</u>			
Operating income (loss)	\$ 1,041	\$ (33,064)	\$ (32,023)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	33,067	49,050	82,117
Changes in operating assets and liabilities:			
Accounts receivable	(43,321)	(6,055)	(49,376)
Accounts payable	5,751	466	6,217
Accrued interest	(482)	(1,591)	(2,073)
Net cash provided (used) by operating activities	<u>(3,944)</u>	<u>8,806</u>	<u>4,862</u>
<u>Cash Flows From Investing Activities</u>			
Interest received on investments	924	521	1,445
Decrease in restricted assets	5,910	0	5,910
Net cash provided by investing activities	<u>6,834</u>	<u>521</u>	<u>7,355</u>
<u>Cash Flows From Capital and Related Financing Activities</u>			
Repayment of long-term debt	(81,723)	(170,884)	(252,607)
Collection of customer assessments	3,499	0	3,499
Collection of project cost reimbursement	40,000	0	40,000
Collection of connection fees	10,028	675	10,703
Other receipts and reimbursements	1,263	181	1,444
Net cash (used) by capital and related financing activities	<u>(26,933)</u>	<u>(170,028)</u>	<u>(196,961)</u>
<u>Cash Flows From Noncapital Financing Activities</u>			
Operating transfers from other funds	58,230	173,275	231,505
Net cash provided by noncapital financing activities	<u>58,230</u>	<u>173,275</u>	<u>231,505</u>
Net increase in cash and cash equivalents	34,187	12,574	46,761
Cash and cash equivalents - April 1, 2003	<u>122,304</u>	<u>86,102</u>	<u>208,406</u>
Cash and cash equivalents - March 31, 2004	<u>\$ 156,491</u>	<u>\$ 98,676</u>	<u>\$ 255,167</u>

TOWNSHIP OF WEST BRANCH
Proprietary Fund Type
Schedule of Indebtedness
March 31, 2004

WATER AND SANITARY SEWER

Type of Issue: Contractual Obligation
Purpose of Issue: For construction of a sanitary sewer system
Amount of Issue: \$655,000
Denomination: \$5,000
Interest Rate: 5.00%

<u>Maturity Date</u>	<u>Principal Amount</u>
June 1, 2004	\$ 20,000
2005	20,000
2006	20,000
	<u>\$ 60,000</u>

Type of Issue: Limited Tax Bond
Purpose of Issue: For improvements to the sanitary sewer and water main system
Amount of Issue: \$540,000
Denomination: \$5,000 or a multiple of \$5,000
Interest Rate: 5.10% to 5.40%

<u>Maturity Date</u>	<u>Principal Amount</u>
March 1, 2005	\$ 35,000
2006	40,000
2007	40,000
2008	40,000
2009	45,000
2010	45,000
2011	50,000
2012	55,000
2013	55,000
	<u>\$ 405,000</u>

TOWNSHIP OF WEST BRANCH
Proprietary Fund Type
Schedule of Indebtedness
March 31, 2004

WATER 2

Type of Issue: Limited Tax Bond
Purpose of Issue: For construction of the extension of water system
Amount of Issue: \$615,000
Denomination: \$5,000 or a multiple of \$5,000
Interest Rate: 4.00% to 4.85%

<u>Maturity Date</u>	<u>Principal Amount</u>
March 1, 2005	\$ 40,000
2006	45,000
2007	50,000
2008	50,000
2009	50,000
2010	50,000
2011	55,000
2012	60,000
2013	65,000
	<u>\$ 465,000</u>
Total Proprietary Fund debt	<u><u>\$ 930,000</u></u>

TOWNSHIP OF WEST BRANCH
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities
For The Year Ended March 31, 2004

CURRENT TAX COLLECTION FUND

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,501,582	\$ 2,501,582	\$ 0
<u>LIABILITIES</u>				
Due to General Fund	\$ 0	\$ 125,028	\$ 125,028	\$ 0
Due to West Branch				
District Library	0	24,657	24,657	0
Due to Ogemaw County	0	576,702	576,702	0
Due to West Branch -				
Rose City Schools	0	925,054	925,054	0
Due to State of Michigan	0	420,488	420,488	0
Due to C.O.O.R.				
Intermediate School District	0	67,074	67,074	0
Due to Kirtland				
Community College	0	159,272	159,272	0
Due to Downtown				
Development Authority	0	203,307	203,307	0
	\$ 0	\$ 2,501,582	\$ 2,501,582	\$ 0

TOWNSHIP OF WEST BRANCH
Component Unit
Balance Sheet
March 31, 2004

Downtown
Development
Authority

ASSETS

Cash in bank - checking
Land and land improvements

\$ 114,094
36,436

Total Assets

\$ 150,530

LIABILITIES AND FUND BALANCE

Liabilities

Due to other governmental units

\$ 2,189

Fund Balance

Unreserved

148,341

Total Liabilities and Fund Balance

\$ 150,530

TOWNSHIP OF WEST BRANCH
Component Unit
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
For The Year Ended March 31, 2004

	Downtown Development Authority		
	Budget	Actual	Variance - Favorable (Unfavorable)
<u>Revenues</u>			
Property taxes	\$ 216,000	\$ 203,307	\$ (12,693)
Interest on investments	2,000	1,327	(673)
Total revenues	<u>218,000</u>	<u>204,634</u>	<u>(13,366)</u>
<u>Expenditures</u>			
Township services	14,100	14,100	0
Audit fees	800	800	0
Other Expenses	7,205	444	6,761
Total expenditures	<u>22,105</u>	<u>15,344</u>	<u>6,761</u>
Excess of revenues over (under) expenditures	195,895	189,290	(6,605)
<u>Other Financing Uses</u>			
Operating transfers to other funds	<u>(113,900)</u>	<u>(231,505)</u>	<u>(117,605)</u>
Excess of revenues over (under) expenditures and other financing uses	81,995	(42,215)	(124,210)
Fund Balance - April 1, 2003	<u>190,556</u>	<u>190,556</u>	<u>0</u>
Fund Balance - March 31, 2004	<u>\$ 272,551</u>	<u>\$ 148,341</u>	<u>\$ (124,210)</u>



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

THOMAS L. TAGLAUER, CPA
ROBERT E. LIST, CPA
STEWART J. REID, CPA
MICHAEL L. HANISKO, CPA
DAVID D. QUIMBY, CPA
KATHLYN M. ENGELHARDT, CPA
RENAE M. CLEVINGER, CPA
AMY L. RODRIGUEZ, CPA

WALTER G. WEINLANDER, CPA
ROY A. SCHAIERER, CPA
JAMES L. WHALEY, CPA
JEROME L. YANTZ, CPA
PHILIP T. SOUTHGATE, CPA
ROBERT J. DUYCK, CPA

July 23, 2004

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Township Board
Township of West Branch
West Branch, Michigan

We have audited the general purpose financial statements of the Township of West Branch, Ogemaw County, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated July 23, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of West Branch's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

1600 CENTER AVENUE
POST OFFICE BOX 775
BAY CITY, MI 48707-0775
989-893-5577
800-624-2400
FAX 989-895-5842
www.wf-cpas.com
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE
GLADWIN AND WEST BRANCH

RSM McGladrey Network

An Independently Owned Member



WEINLANDER FITZHUGH

Township Board
Township of West Branch
July 23, 2004

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of West Branch's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Township Board, management and related regulatory agencies and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Weinlander Fitzhugh